

10 November 2015

ASX Release

ASX Code: CXX

CRADLE/TREMONT JV ACQUIRES 100% OF PANDA HILL LICENCES

Cradle Resources Limited is pleased to announce that Panda Hill Tanzania Ltd (PHT), the joint venture entity owned 50% by Cradle and 50% by Tremont Investments Limited, has exercised its option to acquire 100% of the Panda Hill Mining Licences. As a result, PHT entered into an amended purchase agreement with the vendor RECB Limited. Following approval by the Tanzanian Government of the transfer of the Mining Licences, completion under this amended agreement was achieved late yesterday.

Under the amended purchase agreement, PHT has paid or is to pay RECB the following purchase consideration:

- US\$1.5 million, paid at completion;
- 6.2 million shares in Cradle (valued at US\$1.09 million), issued at completion, with half tradeable and half escrowed until the commencement of commercial production;
- US\$3 million, payable five days after project financing drawdown or 30 September 2016, whichever is earlier; and
- US\$5 million, payable out of production as a capped 5% net smelter return, with a time limit of four years from the commencement of commercial production.

This represents a saving of approximately US\$2.5 million from previous option arrangements, which PHT was able to negotiate due to the time benefit and certainty to RECB of the early option exercise.

Also, the structured nature of the purchase is of benefit to PHT.

Tremont recently contributed its last tranche of US\$5 million to PHT, thereby moving to 50% ownership. The Panda Hill Definitive Feasibility Study, which is due to be completed by PHT in Q1 2016, is mostly funded by the previous US\$15 million contributed by Tremont. This further contribution of US\$5 million has funded monies paid to RECB at completion, leaving a cash balance in PHT to cover other pre-financing and preliminary project costs. As described above, RECB is not due any further payments until after expected project financing.

Accordingly, PHT is expected to be funded through to financing of the Panda Hill project (including this acquisition of 100% of the Mining Licences) without any cash calls upon either Cradle or Tremont.

The issue by Cradle of the 6.2 million shares will create a credit in favour of Cradle with PHT of US\$1.09 million (being A\$0.25 per share). Accordingly, Tremont will be liable to contribute a further US\$1.09 million to PHT prior to Cradle having to make any further contributions.

This purchase, combined with Tremont's contribution of its final tranche of US\$5 million, results in a simple, final ownership structure of the Panda Hill Project. Cradle and Tremont each own 50% of PHT, which in turn directly owns 100% of the Mining Licences and the Project. PHT is funded to expected completion of Project financing mid next year and Cradle has a US\$1.09 million credit if and when further funding is required.

In addition, the simplified ownership structure will facilitate debt financing discussions for the Project, which are currently being advanced by Tremont on behalf of PHT.

Attached is the Appendix 3B in relation to the shares issued to RECB Limited.

By Order of the Board

Project Background

An update to the Preliminary Feasibility Study results was announced on 14 July 2015, indicating that a staged approach to the Project allowed reduced upfront capital without significantly impacting the overall economics. The indicative Project capex was US\$123 million initial capital with US\$32 million working capital based upon mining scenario of 1.3Mtpa for the initial years ramping up to 2.6Mtpa in Year 5.

Subsequent to the PFS announcement, Cradle also announced a significant Mineral Resource upgrade for the Project in April 2015, with a total Mineral Resource of 178Mt at 0.5% Nb₂O₅ for 891Kt of contained Nb₂O₅. Additionally the Project has an Exploration Target* of 200Mt to 400Mt at between 0.4% and 0.6% Nb₂O₅ for regions outside of the current Mineral Resource (see announcement 23 April 2015). The April 2015 updated Mineral Resource will be used for the final Definitive Feasibility Study.

***Note on Exploration Target**

The Exploration Target is conceptual in nature as there has been insufficient exploration to define a Mineral Resource. It is uncertain if further exploration will result in the determination of a Mineral Resource under the “Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, the JORC Code” (JORC 2012). The Exploration Target is not being reported as part of any Mineral Resource or Ore Reserve. Work activities including mapping, chip sampling and drilling are expected to be undertaken in 2015 and 2016.

The Project (Figure 1 below) is located in the Mbeya region in south western Tanzania approximately 650km west of the capital Dar es Salaam. The industrial city of Mbeya (pop. 280,000) is situated only 26km from the project area and will be a significant service and logistics centre for the Project. The Project is unique in that it is located close to highly developed surrounding infrastructure including the new Songwe international airport (8 km away), the TAZARA Rail line (2km away), the Dar es Salaam - Tunduma Highway (5km away) and major power infrastructure (26km away).

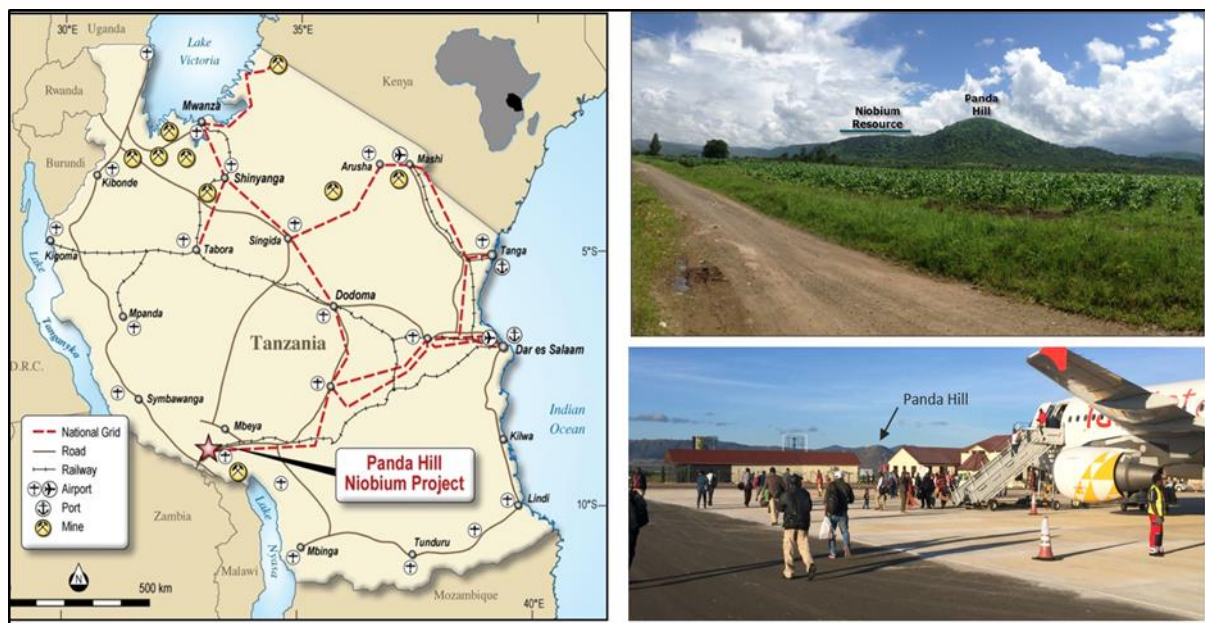


Figure 1: Showing location of Panda Hill and the nearby Songwe international airport

The Project is located on three Mining Licences (ML237/2006, 238/2006 and 239/2006) granted to Panda Hill Mines Ltd on 16 November 2006 and covering a total area of approximately 22.1 km².

Competent Person's Statement

The information in this document that relates to the Exploration Target, Exploration Results and Resources is based on information compiled or reviewed by Mr Neil Inwood who is a Fellow of The Australasian Institute of Mining and Metallurgy and a Member of the Australian Institute of Geoscientists. Mr Inwood is a full time employee of Verona Capital Pty Ltd. Mr Inwood has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. Mr Inwood consents to the inclusion in this document of the matters based on his information in the form and context in which it appears.

The Company notes that JORC Table 1 has not been included in this announcement as the Table 1 from the previous announcements is valid and the sampling and assaying techniques have not changed materially from previous announcements.

The information relating to the Mineral Resource is extracted from the report entitled 'Significant Resource Upgrade for Panda Hill Niobium Project' created on 20th January 2015 and is available to view on www.cradleresources.com.au. The information relating to the Pre-Feasibility Study is extracted from the report entitled 'Positive Pre-Feasibility Study results For Panda Hill' created on 31st March 2015 and the update announcement on 14th July 2015 entitled 'Updated Panda Hill Site and Study Progress' and is available to view on www.cradleresources.com.au. The information referring to the Exploration Target is extracted from the report 'Panda Hill Progress Update and Exploration Target' created on 23rd April 2015 and is available to view on www.cradleresources.com.au. Other than as specified in this announcement and the mentioned announcements, the Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements and, in the case of estimates of Mineral Resources, Exploration Target or Ore Reserves that all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements.